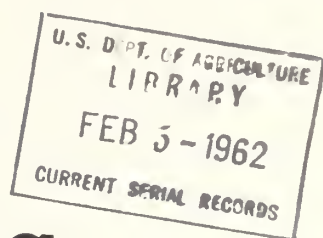


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Prospects for Foreign Trade in

OILSEEDS

OILSEED PRODUCTS

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
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PROSPECTS FOR FOREIGN TRADE IN OILSEEDS AND OILSEED PRODUCTS

The General Situation

World production and exports of fats and oils (including the oil equivalent of oilseeds) rose to new highs in 1959. Expanded output of edible vegetable oils, lard, and tallow and greases more than offset reduced production of coconut oil. The U. S. share of world output has remained fairly stable in the last decade, at about 22 to 24 percent. U.S. exports, on the other hand, have fluctuated moderately, ranging from 20 to 30 percent.

In the last half of the decade, U.S. exports were much higher than in the first half; they expanded sharply from 1958 to 1959 for several reasons. Large quantities of U.S. edible oils, oilseeds, and animal fats were needed to compensate for reduced exports of coconut oil from the Philippines and Indonesia and for smaller quantities of butter moving in foreign trade. There has been the need to rebuild reduced inventories and maintain the generally high level of fat consumption in Europe. Also, the trend in other parts of the world historically low in consumption has been toward increased consumption.

The United States has been steadily improving its position as a source of assured exportable supplies of fats and oils. Asia, at one time the major exporting area, has tended to diminish somewhat in importance both as to availability and as to reliability of supply. Communist China, now the major source of soft edible oils and oilseeds from Asia, is not a dependable source. True its exports are now moderately higher than in 1950-54, but they are still well below the levels shipped out in 1955 and 1956. Per capita consumption of fat and protein is quite low in China, and that country could readily absorb all of its domestic production of oilseeds. However, political considerations as well as the need for foreign exchange apparently determine the level of exports.

Copra is the major oilseed exported from Asia. Here, production has been trending down from the 1956 high mainly because of unfavorable weather in the last 2 years. Among other factors that have reduced exports are transportation difficulties in Indonesia, diversion of labor to other activities in Malaya and Singapore, and rising consumption in these countries.

Supplies from South America, mainly edible oils from Argentina, have not been big and also have been quite erratic. Production of whale oil has remained relatively stable.

Africa, like the United States, has been increasing in importance as a source of exportable supplies, mainly edible vegetable oils and palm oils. Most of the expansion has been in exports of peanuts from Nigeria and from the new countries that were formerly French West Africa. Peanut output in West Africa probably will continue upward during the next few years, assuming average growing conditions, but at a much slower rate than in the past decade.

Outlook for U. S. Exports

Soybeans and Edible Oils

The current marketing year which began on October 1, 1959, is expected to be a good one for exports of U.S. fats, oils, and oilseeds. These large exports are being encouraged by reduced supplies from other exporting areas, by competitive prices, and by government programs, such as Public Law 480 and the Mutual Security Act. About 125 million bushels of U.S. soybeans are likely to go out compared with the record quantity of 110 million last year. Total shipments of cottonseed and soybean oils probably will not differ greatly from last year's high of 1.3 billion pounds. More lard also will go out, mainly to Britain, where its use in margarine is expanding.

TABLE 1.--Fats and Oils: Estimated world production and U. S. share, averages 1935-39, 1950-54, annual 1955-60¹

Item	Average		1955	1956	1957	1958	1959 ²	1960 ³
	1935-39	1950-54						
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Edible vegetable oils ⁴ ..	7,595	9,385	10,500	10,855	11,730	11,825	12,940	12,700
Butter (fat content)....	4,190	3,650	3,870	3,930	4,050	4,130	4,100	4,200
Lard.....	3,585	4,230	4,635	4,760	5,075	6,020	6,500	6,750
Palm oils ⁵	3,650	3,836	4,058	4,305	4,250	4,158	4,040	4,125
Industrial oils ⁶	1,570	1,468	1,355	1,448	1,775	1,442	1,450	1,375
Tallow and greases.....	1,592	2,575	2,980	3,140	3,380	3,275	3,570	3,650
Marine oils ⁷	1,055	990	1,060	1,110	1,025	1,030	1,020	1,050
World total.....	23,237	26,134	28,458	29,548	31,285	31,880	33,620	33,850
U. S. production ⁸	3,351	5,980	6,704	7,151	7,120	6,981	7,779	8,050
U. S. as a percentage of world.....	Percent 14	Percent 23	Percent 24	Percent 24	Percent 23	Percent 22	Percent 23	Percent 24

¹ World totals for output of edible vegetable and industrial oils as based upon production of oilseeds less estimated noncrushing uses. No allowance is made for changes in carryover stocks of oilseeds. U. S. data through 1959 includes reported production of oil plus oil equivalent of exported oilseeds. Forecasts for the U. S. for 1960 are based upon availabilities. ² Partly estimated. ³ Forecast. ⁴ Olive, cottonseed, peanut, soybean, sunflower, rapeseed, and sesame. ⁵ Coconut, palm kernel, palm, and babassu kernel. ⁶ Linseed, castor, tung, oiticica, and perilla. ⁷ Whale, sperm whale, fish, and fish liver. ⁸ U. S. production includes only the fats and oils which are included in the above world totals.

TABLE 2.--Fats, oils, and oilseeds (in terms of oil): World indigenous exports and U. S. share, by type, averages 1935-39, 1950-54, annual 1955-60

Item	Average		1955	1956	1957	1958	1959 ¹	1960 ²
	1935-39	1950-54						
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Edible vegetable oils ³	1,744	1,510	2,215	2,519	2,488	2,596	3,000	2,825
Palm oils ⁴	2,105	2,248	2,337	2,559	2,472	2,315	2,235	2,300
Industrial oils ⁵	935	649	742	624	846	669	712	695
Butter (fat content).....	460	395	500	430	450	470	445	450
Lard.....	180	325	345	377	342	312	375	440
Tallow and greases.....	245	570	850	1,010	975	925	1,000	1,075
Marine oils ⁶	710	694	725	745	730	760	730	775
World total.....	6,379	6,391	7,714	8,264	8,303	8,047	8,497	8,560
U. S. exports ⁷	127	1,251	1,900	2,394	2,243	1,862	2,460	2,530
U. S. as a percentage of world.....	Percent 2	Percent 20	Percent 26	Percent 29	Percent 27	Percent 23	Percent 29	Percent 30

¹ Partly forecast. ² Forecast. ³ Olive oil and the following oils and oil content of oilseeds: Cottonseed, peanut, soybean, sunflower, rapeseed, and sesame. ⁴ Coconut, palm kernel, palm, and babassu. ⁵ Linseed oil and seed, castor oil and seed, tung, oiticica and perilla oils. ⁶ Whale, sperm whale, fish and fish liver oils. ⁷ U. S. exports include only the fats and oils which are included in the above world totals.

Among the competing countries with reduced supplies for export this year is West Africa. It now appears likely that its peanut exports will be down over 15 percent from the year before. Production in Nigeria is reported to be about the same as in the year before, and that in Senegal (the major area in what was formerly French West Africa) is reportedly lower. In addition, last year's exports from West Africa were able to draw from a sizable carryin of peanuts; at the beginning of the current marketing year, there was practically no carryin.

In Communist China recent reports indicate that the 1959 soybean crop was nearly as large as that of the year before, but that peanut and cottonseed production was hit badly by adverse weather. While it appears likely that the Chinese Communists will still attempt to maintain exports, there is a good possibility that the reduced supply will be reflected in lower shipments.

The Philippines' long, severe drought has cut copra production, and probably will reduce exports through at least most of 1960; last fall's pick-up in exports is expected to be only temporary. World exports of coconut oil in calendar 1960 are expected to be up only slightly from 1959.

In the Mediterranean Basin, olive oil production will be at a near-record level this year. However, exports are small and the major effect of an increase in output is to cut the import requirements of oilseeds and vegetable oils in this generally deficit area.

Exportable supplies of rapeseed are likely to be down mainly because the Canadian crop is off substantially from the year before. Argentina's exportable position will depend upon the size of its crops to be harvested in the spring of 1960. Thus, most of the effect, if there is any sizable exportable supply, probably would not be felt until late in the summer. In India, production of peanuts is not expected to differ greatly from that of the year before. However, only small quantities of oil, if any, are likely to be exported since domestic prices are higher than world market prices and the oil can be readily absorbed at home.

In addition to reduced export supplies from these competitors, the relatively low prices of U.S. edible oils are encouraging U.S. exports. In early December 1959, U.S. soybean oil was the lowest priced edible oil moving in world trade. In the calendar years, 1951-57, U.S. soybean oil sold in Europe at prices either equal to or much higher than coconut oil. Beginning in 1958, world prices for coconut oil rose far above that for soybean oil, reflecting sharply reduced supplies of coconut oil and increased supplies of soybean oil. Under these price relationships (early in December 1959, coconut oil was 75 percent higher in price than soybean oil) coconut oil undoubtedly is being replaced by soybean oil in food uses to a considerable extent. An increased percent of coconut oil probably is being reserved for use in soap, where its quick-lathering properties are highly desired. U.S. cottonseed oil also is selling at a substantial discount compared with its most direct competitor, peanut oil. Large exportable supplies of U.S. soybean and cottonseed oils will keep their prices low relative to limited supplies of foreign coconut and peanut oils.

As for soybeans, U.S. prices are currently slightly higher than the Chinese, reflecting a somewhat higher oil yield. The United States and Communist China export nearly all the soybeans moving in world trade. Up until about 1955, Chinese soybeans sold at a large premium over American soybeans because the "dollar shortage" limited purchases from the United States. Chinese soybeans were quoted in pounds sterling which did not impose any barrier. As Europe and Japan, the major importing areas, improved their dollar position, they increasingly were able to consider purchases from the country which would give them the best buy. Hence, prices of Chinese soybeans had to adjust to U. S. prices.

TABLE 3.--Edible fats and oils: World indigenous exports, by area, average 1950-54, annual 1955-59

Area and country	Average 1950-54					1955					1956				
	Edible vege- table oils ¹	Palm oils ²	Butter (fat content)	Lard	Total	Edible vege- table oils ¹	Palm oils ²	Butter (fat content)	Lard	Total	Edible vege- table oils ¹	Palm oils ²	Butter (fat content)	Lard	Total
North America:	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
United States.....	400	--	10	266	676	746	--	92	281	1,118	1,036	--	74	306	1,417
Other.....	18	--	(³)	2	20	26	--	3	2	32	37	--	1	--	37
Total.....	418	--	10	268	696	772	--	95	283	1,150	1,073	--	75	306	1,454
South America.....	86	9	9	10	114	17	5	10	6	38	12	(³)	9	12	33
Europe (excluding USSR). Mediterranean countries (edible olive oil only) ⁴	79	--	191	39	309	67	--	168	47	282	65	--	122	52	239
Africa.....	49	--	--	--	49	62	--	--	--	62	43	--	--	--	43
Asia ⁵	503	833	4	1	1,341	626	874	4	--	1,504	785	891	3	(³)	1,679
Oceania.....	354	1,248	1	4	1,607	664	1,271	1	8	1,944	541	1,480	1	1	2,023
Antarctic Ocean ⁶	12	158	180	3	353	7	187	222	1	417	--	188	220	6	414
World total.....	--	--	--	--	390	--	--	--	--	367	--	--	--	--	369
World total exclud- ing Europe.....	1,501	2,248	395	325	4,859	2,215	2,337	500	345	5,764	2,519	2,559	430	377	6,254
	1,422	2,248	204	286	4,550	2,148	2,337	332	298	5,482	2,454	2,559	308	325	6,015

	1957			1958			1959 ⁷									
North America:																
United States.....	1,062	--	3	251	1,315	989	--	13	194	1,195	1,375	--	8	13	5	46
Other.....	74	--	--	--	75	70	--	2	--	73	70	--	--	208	65	373
Total.....	1,136	--	3	251	1,390	1,059	--	15	194	1,268	1,445	--	--	2	305	1,752
South America.....	56	3	14	16	89	117	3	7	5	132	20	8	--	--	--	--
Europe (excluding USSR)	66	--	237	69	372	99	--	230	97	426	100	--	--	--	--	--
Mediterranean countries (edible olive oil only) ⁴	54	--	--	--	54	63	--	--	--	63	90	--	--	--	--	90
Africa.....	773	836	5	--	1,614	850	894	2	--	1,746	900	960	1	--	--	1,861
Asia ⁵	402	1,442	2	--	1,846	408	1,241	1	15	1,665	445	1,085	1	--	--	1,531
Oceania.....	1	191	189	6	387	--	177	215	1	393	--	182	220	--	--	402
Antarctic Ocean ⁶	--	--	--	--	379	--	--	--	--	375	--	--	--	--	--	353
World total.....	2,488	2,472	450	342	6,131	2,596	2,315	470	312	6,068	3,000	2,235	445	375	6,408	
World total exclud- ing Europe.....	2,422	2,472	213	273	5,759	2,497	2,315	240	215	5,642	2,900	2,235	237	310	6,035	

¹ The oil and oil equivalent of cottonseed, peanuts, soybeans, sunflowerseed, rapeseed, sesame seed and olives. ² Coconut, palm kernel, palm and babassu oils and the oil equivalent of copra, kernels and fruit. ³ Less than 500 short tons. ⁴ Net exports from all countries in the Mediterranean area. ⁵ China's overland shipments, largely to Russia, are estimated. ⁶ Whale oil. ⁷ Partly estimated.

TABLE 4.--Soybeans: World production by area and U. S. share, average 1950-54, annual 1955-59¹

Area	Average 1950-54	1955	1956	1957	1958	1959 ²
Foreign production:						
Non-Communist:	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>
Brazil.....	3	4	4	4	5	5
Canada.....	4	6	5	7	7	6
Indonesia.....	11	13	13	13	15	17
Japan.....	17	19	17	17	14	16
Others.....	8	7	11	9	10	10
Total.....	43	49	50	50	51	54
Communist Countries:						
China.....	330	335	340	335	360	350
Others.....	11	10	10	10	10	10
Total.....	341	345	350	345	370	360
United States.....	298	374	449	484	574	530
World total.....	682	768	849	879	995	944
U. S. percent of world.....	<i>Percent</i> 44	<i>Percent</i> 49	<i>Percent</i> 53	<i>Percent</i> 55	<i>Percent</i> 58	<i>Percent</i> 56

¹ Years shown refer to years of harvest. Southern Hemisphere crops which are harvested in the early part of the year are combined with those of the Northern Hemisphere harvested the latter part of the same year.

² Preliminary.

Oilseed Meal

The demand for high-protein oilseed cakes and meals in the major consuming countries of Western Europe and North America is expected to remain strong through the 1959-60 marketing year. Here, demand for high-protein feeds has been increasing largely as the result of rising demand for high-quality animal products and a growing awareness of the importance of feeding nutritionally balanced rations.

The United States, which is the largest single user of oilseed meals, is also the primary exporter, including the meal equivalent of exported oilseeds. During recent years the United States has supplied about 40 percent of world oilseed meal exports (including the meal equivalent of oilseeds). Other net exporting areas are Africa, which in recent years has supplied close to 30 percent of world exports, Asia with about 15 percent, and South America and Oceania with the remainder.

The only major net importing area is Europe, particularly the countries of north-western Europe. Here, the demand during 1959-60 is expected to increase largely because drought reduced the supply of forage crops for cattle and because of a continued increase in the production and use of poultry and swine mixed feeds in which use soybean meal is being used more and more because of its great versatility.

The increased European demand for oilseed meals is expected to be met largely by increased U.S. exports of oilseeds and meals because export availability from competing

TABLE 5.--Soybeans (including the soybean equivalent of soybean oil): World exports by area and U. S. share, average 1950-54, annual 1955-59

Area	Average 1950-54	1955	1956	1957	1958	1959 ¹
Foreign exporting areas:						
Non-Communist:	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>
Brazil (soybeans).....	1	2	2	1	1	2
Other (soybeans).....	1	1	1	1	1	--
Total.....	2	3	3	2	2	2
Communist Countries:						
China:						
Soybeans.....	24	42	41	41	44	55
Soybean oil (in terms of beans).....	3	13	13	6	11	1
Total.....	27	55	54	47	55	56
United States:						
Soybeans.....	30	68	69	88	84	125
Soybean oil (in terms of beans).....	24	12	62	64	82	91
Total.....	54	80	131	152	166	216
World total.....	83	138	188	201	223	274
U. S. percent of world.....	<i>Percent</i> 65	<i>Percent</i> 58	<i>Percent</i> 70	<i>Percent</i> 76	<i>Percent</i> 74	<i>Percent</i> 79

¹ Partly estimated.

areas is expected to be down in 1959-60. U.S. exports will likely again be largely in the form of soybeans, the meal equivalent of which during the past 5 marketing years has been from two to six times as great as total meal exported as such. Exports of the meal equivalent of flaxseed, which have averaged about 135,000 tons during the past 5 marketing years, are expected to decline sharply in October 1959-September 1960. Exports of the meal equivalent of cottonseed and peanuts are expected to be negligible, as during recent years.

Exports of the meal equivalent of soybeans during 1959-60 are expected to increase about 350,000 tons over the 2.6 million tons exported in 1958-59. About two-thirds of this increase is expected to go to Western Europe and most of the remainder to Japan, where whole soybeans as well as meal are used in food. Exports of soybean meal as such are expected to increase close to 200,000 tons over the 512,000 tons exported in 1958-59; about two-thirds of this increase is expected to go to Western Europe also. Spain alone is expected to increase its imports close to 30,000 tons, largely as the result of a grant by the International Cooperation Administration.

Exports of cottonseed meal as such are expected to increase about 200,000 tons over the 27,000 tons exported in 1958-59. Practically all of this increase is likely to go to the countries of northwestern Europe, where it is expected to be in strong demand as a cattle feed. Total exports of meals and the meal equivalent of oilseeds are expected to increase about 700,000 tons, or about 20 percent, above 1958-59.

TABLE 6.--Prices of selected oils and soybeans, c.i.f. European ports, 1950-59

Year and month	Soybean oil American crude, bulk ¹	Cottonseed oil American BPSY, bulk ²	Peanut oil Br. West African crude, bulk	Coconut oil Straits 3 1/2 per- cent, bulk	Soybeans American No. 2 yellow 3 percent, bulk	Soybeans Chinese yellow 3 percent, bulk ³
	<i>Cents per pound</i>	<i>Cents per pound</i>	<i>Cents per pound</i>	<i>Cents per pound</i>	<i>Dollars per bushel</i>	<i>Dollars per bushel</i>
1950.....	15.9	17.0	--	16.6	2.80	3.02
1951.....	19.5	22.1	21.6	19.4	3.24	3.95
1952.....	13.3	16.2	16.5	11.9	3.05	3.70
1953.....	14.7	17.1	17.5	14.8	3.24	3.37
1954.....	15.2	13.0	16.8	13.7	3.32	3.59
1955.....	13.3	12.9	13.1	11.5	3.03	3.13
1956.....	15.4	16.6	16.7	11.5	3.14	3.10
1957.....	13.9	15.9	16.3	11.7	2.88	--
1958.....	11.8	--	12.5	13.7	2.57	2.48
1958:						
Jan.-March..	12.9	15.9	13.8	12.6	2.56	--
April-June..	12.2	--	12.7	12.9	2.69	⁴ 2.61
July-Sept...	11.8	--	11.8	13.5	2.61	2.48
Oct.-Dec....	10.3	12.7	11.8	15.8	2.44	2.39
1959:						
Jan.-March..	11.1	12.8	13.0	17.1	2.51	2.46
April-June..	11.0	13.6	15.0	17.6	2.63	2.55
July-Sept...	10.4	12.2	13.5	15.9	2.50	2.44
October.....	10.2	12.1	13.3	17.3	2.48	2.42
November....	9.4	11.2	13.1	16.5	2.62	2.53
December 4..	9.3	11.1	13.1	16.3	2.59	2.53

¹ From 1950 through February 1954, American crude, bulk, f.o.b. U. S. ports adjusted to c.i.f. European port basis; from January 1958, degummed, 1 percent. ² From 1950 through June 1951, Brazilian, semirefined, drums, adjusted to bulk basis; July 1951 through August 1954, American, semirefined, bulk, f.o.b. U. S. ports adjusted to c.i.f. European port basis; from September 1954 through December 1957, American, bleachable prime summer yellow, bulk, c.i.f. Rotterdam; from January 1958 through October 1959, American, crude, bulk adjusted to BPSY basis. ³ 1950 through July 1955, Manchurian; from October 1955, Chinese, yellow. ⁴ Two-month average.

TABLE 7.--Selected oilcakes and meals: Prices c.i.f. European ports and U. S. soybean meal Decatur, 1955-59

Year	Peanut meal Nigerian 56%, bagged ¹	Linseed meal Argentine 39%, bagged ¹	Soybean meal Canadian 45%, bagged ¹	Soybean meal U. S. Decatur 44%, bulk
	<i>U. S. dollars per short ton</i>	<i>U. S. dollars per short ton</i>	<i>U. S. dollars per short ton</i>	<i>U. S. dollars per short ton</i>
1955.....	101.89	94.75	92.73	56.87
1956.....	99.40	95.48	89.41	51.29
1957.....	90.08	77.57	81.63	47.06
1958.....	78.97	68.36	85.05	55.96
1959 ²	90.98	87.02	85.40	56.00

¹ Average prices, largely bagged. ² January-October.

TABLE 8.--Oilcake and meal: U. S. exports, by country of destination, year beginning October 1, 1954-58

Continent and country of destination	Soybean cake and meal					Total cake and meal				
	1954	1955	1956	1957	1958	1954	1955	1956	1957	1958
North America: ¹	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Canada.....	73	197	205	128	237	93	221	211	129	238
Mexico.....	--	--	4	9	8	--	--	4	9	8
Cuba.....	19	23	31	36	40	21	25	32	37	41
Others.....	--	1	1	1	2	3	3	1	2	3
Total.....	92	221	241	174	287	117	249	248	177	290
South America:										
Venezuela.....	1	2	3	4	16	1	2	3	4	16
Others.....	--	--	--	--	--	--	--	1	1	--
Total.....	1	2	3	4	16	1	2	4	5	16
Europe:										
Belgium.....	17	25	26	13	14	42	52	28	13	16
Denmark.....	24	22	49	15	8	51	81	52	15	15
Finland.....	9	7	--	--	--	9	20	--	--	--
France.....	5	7	--	1	--	6	10	--	1	5
Germany, West....	2	12	6	2	8	8	25	16	3	17
Ireland.....	4	2	3	2	4	15	9	10	4	6
Italy.....	11	28	54	62	87	12	29	54	62	87
Netherlands.....	40	14	8	3	30	88	103	33	8	57
Norway.....	26	22	17	10	19	28	33	19	10	19
Spain.....	--	--	3	1	21	--	--	3	1	21
Sweden.....	1	12	13	--	--	1	19	14	--	--
United Kingdom...	16	6	5	2	--	112	82	35	6	14
Others.....	3	3	1	2	4	7	6	2	3	4
Total.....	158	160	185	113	195	379	469	266	126	261
All other:										
Japan.....	18	14	5	1	1	18	14	6	1	1
Philippines.....	2	4	8	7	13	2	4	8	7	13
Others.....	--	--	--	--	--	--	--	--	--	--
Total.....	20	18	13	8	14	20	18	14	8	14
Grand total...	272	400	443	300	512	517	739	532	316	581

¹ Includes Caribbean area.

TABLE 9.--Meal equivalent of soybeans:¹ U. S. exports by country of destination, year beginning October 1, 1954-58

Continent and country of destination	1954-55	1955-56	1956-57	1957-58	1958-59 ²
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
North America:					
Canada.....	186	205	242	251	360
Other.....	(³)	(³)	--	(³)	8
Total.....	186	205	242	251	368
South America.....	(³)	(³)	(³)	(³)	4
Europe:					
Belgium-Luxembourg.....	17	48	62	60	94
Denmark.....	66	98	126	113	131
France.....	54	36	50	21	48
Germany, West.....	184	292	360	261	313
Italy.....	1	1	(³)	1	31
Netherlands.....	169	211	336	254	370
United Kingdom.....	41	34	47	94	53
Other.....	43	28	63	80	46
Total.....	575	748	1,044	884	1,086
Africa.....	3	--	--	5	23
Asia:					
Israel.....	54	42	60	85	120
China (Taiwan).....	99	83	84	89	100
Japan.....	466	472	543	628	870
Korea, South.....	3	7	51	57	28
Other.....	2	2	3	2	10
Total.....	624	606	741	861	1,128
Oceania.....	--	(³)	(³)	--	--
Grand total.....	1,388	1,559	2,027	2,001	2,609

¹ Based on actual output of meal. ² Preliminary. ³ Less than 500 tons.

U.S. exports of meal to Europe are lower than exports of the meal equivalent of oilseeds (primarily soybeans) for two reasons: Differences in freight and handling charges between U.S. interior points and European ports, and tariff structures in Europe which favor the importation of oilseeds over oilseed meals and oils to provide work for the large crushing industry.

Shipping and distribution facilities for soybeans are suited to bulk shipment, but meal is largely shipped and distributed bagged because meal is largely retailed in relatively small lots while soybeans are purchased by crushers in bulk lots. As a result the price spread during recent years between the price of soybean meal (Canadian extractions comparable to U.S. meal) in major European ports, excluding import duties, and Decatur bulk prices has varied from a high of \$38.12 in 1956 to a low of \$29.09 in 1958. If European buyers should change to bulk purchases, these price spreads will likely decrease. Transportation charges for oil are also higher than for oilseeds, and this further tends to favor the importation of oilseeds.

TABLE 10.--Flaxseed: World production by area and U. S. share, average 1950-54, annual 1955-59¹

Area	Average 1950-54	1955	1956	1957	1958	1959 ²
Foreign production:						
Non-Communist:	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>
Argentina.....	18	9	24	25	24	28
Canada.....	9	20	34	19	23	21
India.....	15	15	17	15	10	17
Uruguay.....	4	2	3	3	3	3
Others.....	11	11	12	11	10	11
Total.....	57	57	90	73	70	80
Communist countries.....	25	26	30	20	22	20
United States.....	37	41	48	26	40	23
World total.....	119	124	168	119	132	123
U. S. percent of world.....	<i>Percent</i> 31	<i>Percent</i> 33	<i>Percent</i> 29	<i>Percent</i> 22	<i>Percent</i> 30	<i>Percent</i> 19

¹ Harvests of the Northern Hemisphere countries are combined with those of the Southern Hemisphere which immediately follow; thus the crop harvested in the Northern Hemisphere countries in 1958 is combined with the Southern Hemisphere harvest which begins late in 1958 and ends early in 1959. ² Partly forecast.

TABLE 11.--Flaxseed (including flaxseed equivalent of linseed oil): World exports by areas, and U. S. share, average 1950-54, annual 1955-59

Area	Average 1950-54	1955	1956	1957	1958	1959 ¹
Foreign exporting areas:						
Non-Communist:	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>
Argentina.....	22	18	8	16	18	21
Canada.....	4	10	13	22	15	15
India.....	2	8	5	2	3	3
Uruguay.....	4	4	2	3	2	(²)
Others.....	3	2	2	1	1	2
Total.....	35	42	30	44	39	41
Communist Countries.....	1	1	1	1	2	1
United States.....	10	12	14	17	5	6
World total.....	46	55	45	62	46	48
U. S. percent of world.....	<i>Percent</i> 22	<i>Percent</i> 22	<i>Percent</i> 31	<i>Percent</i> 27	<i>Percent</i> 11	<i>Percent</i> 12

¹ Partly estimated.

² Less than 500,000 bushels.

TABLE 12.--Prices of flaxseed and linseed oil in selected markets, 1952-59

Year and month	Flaxseed		Linseed oil	
	Minneapolis basis No. 1	Winnipeg ¹	Minneapolis tank carlots	Argentine bulk, c.i.f. Europe
	<i>U.S. dollars per bushel</i>		<i>U.S. cents per pound</i>	
1952.....	4.12	3.99	15.9	16.6
1953.....	3.82	3.00	15.0	10.8
1954.....	3.69	2.95	14.6	8.2
1955.....	3.24	3.26	12.9	11.2
1956.....	3.46	3.69	14.1	14.9
1957.....	3.27	2.98	13.6	12.2
1958.....	3.07	3.15	13.8	12.0
1958:				
Jan.-March.....	3.21	3.15	14.7	11.9
Apr.-June.....	2.98	3.12	13.8	12.0
July-Sept.....	3.11	3.26	13.5	² 12.2
Oct.-Dec.....	2.99	3.02	13.0	11.7
1959:				
Jan.-March.....	2.98	3.08	12.7	10.0
April-June.....	3.02	3.20	12.5	10.8
July-Sept.....	3.22	3.40	12.8	² 11.6
October.....	3.68	³ 4.03	13.9	12.8
November.....	3.85	³ 4.02	14.5	12.6
December 4.....	3.60	3.74	14.5	12.3

¹ Winnipeg Grain Exchange cash prices, basis in store Fort William-Port Arthur.

² Two-month average. ³ Preliminary.

Flaxseed and Linseed Oil

Canada and the United States are the only major exporters of flaxseed, and Argentina, the only major one of linseed oil. India and Uruguay export small quantities of oil. World exports in recent years have been averaging nearly 50 million bushels including the flaxseed equivalent of linseed oil.

About mid-1959, however, it appeared that exportable supplies would fall substantially below the 50 million bushels. Flaxseed prices rose sharply during most of the year. U.S. prices reached a peak in November, then dropped but are still far above the support price of \$2.66 per bushel, Minneapolis basis. Even if they decline further, they will remain far above support. Canadian prices also have dropped back substantially from their high. Since demand for linseed oil has changed little, these sharp fluctuations in price probably can be attributed to the changing outlook for supplies.

The mid-1959 outlook was for smaller crops in two of the three big exporting countries--the United States and Argentina. The one harvested in the U.S. last summer was down sharply from the year before. Early reports from Argentina indicated that the acreage being planted in that country (harvesting begins about November) would be down sharply from the year before, and, hence, production likely would be much lower. Canada's crop (harvesting began August 1959) was nearly the same as last year's. However, storms in Canada during September-October stopped the harvest and as of November 1, nearly 40 percent of the crop was still lying in the fields under snow. Hence, there has been considerable conjecture as to how much of the unharvested portion of the Canadian crop would ever get to market.

Later in the year the outlook changed. Argentina's crop has turned out to be larger than last year since plantings were about the same and yields were higher. Exportable supplies from the United States in the year which began on July 1, 1959, will be at least as large as the year before despite reduced production. This is because there was a large carryin of flaxseed at the beginning of the current marketing year which is being drawn upon. In contrast, there was a large build-up in U.S. stocks the year before. Consequently, the major unresolved factor on the supply side is just how much flaxseed will be harvested in Canada.

Building World Markets

The U.S. Government, in cooperation with the trade, continues its efforts to expand and improve this large export trade in oilseeds and oilseed products. Among these efforts are surveys and analyses of market and marketing opportunities, special promotional activities, the analysis and dissemination of information, and moves to reduce barriers to trade.

Marketing Surveys and Analyses

Foreign market surveys were largely completed during 1959. Representatives of the U.S. fats and oils industry and of the Foreign Agricultural Service have jointly visited many of the countries which offer likely markets. Emphasis in the future will be placed on using the results of these surveys in initiating market promotion activities.

In the latter part of 1958, the Foreign Agricultural Service, in cooperation with the Soybean Council of America, Inc., surveyed markets for vegetable oil and oilseed proteins in Hong Kong, Thailand, Singapore, Federation of Malaya, Burma, and Indonesia. This survey revealed a present and increasing shortage of oilseeds including copra, which is not likely to be met from local production. Hence, it was recommended that marketing activities should be started in these countries at the earliest possible date.

There appear to be two more or less distinct fields for this work. The first concerns the use of soybeans for its protein food value in Japan, Hong Kong, Singapore, Malaya, and Thailand. The second concerns vegetable oils, which appear to offer the greatest opportunities in Singapore, Malaya, Burma, Pakistan, and India, with an important potential for the use of soybean protein in food in these areas also.

In early 1959, representatives of the U.S. industry and the Foreign Agricultural Service studied market opportunities in Central America, and found none at present. These countries are trying to attain self-sufficiency, are organizing into a common market, and have trade agreements among themselves and high tariffs and limited imports to protect their local processing industries. However, over the long run, opportunities for market development will be improved as the limited potential for self-supply is realized in this region.

In 1959 also, the market for U.S. soybeans and products and mixed feed was investigated in Venezuela by representatives of the Soybean Council and the Foreign Agricultural Service. They found, in the Venezuelan livestock programs, an increased market potential for U.S. soybeans and mixed feeds. Consequently, it was recommended that the U.S. fats and oils industry and the mixed feed and feed grain interests jointly undertake market development activities in Venezuela.

Promotional Activities

During 1959, market development projects, in cooperation with the Soybean Council of America, Inc., were under way in Israel, Germany, Italy, Spain, Chile, Peru, Ecuador, Egypt, Turkey, and Colombia. A marketing project, in cooperation with the American Soybean Association, was continued in Japan.

The work in Spain has brought to a focus the demand for soybean meal, mixed feeds, and soybeans and the deficit in edible oils. The Spanish market for these products is expected to continue to increase rapidly largely as a result of project activities.

In Germany, substantial success has been achieved in creating appreciation for the use of high-grade soybean meal in livestock feeds, improving the quality of soybean meal, and assisting feed mixers and livestock feeders to improve nutritional qualities of feeds and feeding practices.

In Israel, advice was provided in planning and designing soybean storage facilities to meet the requirements of special warm-climate conditions. Technical information was supplied in connection with the use of soy flour in human foods. It is expected the local staff working on market development will be augmented, and that additional progress will be made under this project.

In Italy, the value of soybeans and soybean meal to supply oil and protein for human and livestock needs has been emphasized. As in Spain, a good deal of information of a technical nature has been made available to seed and oil processors and to feed mixers and livestock feeders. Increased consumption of U.S. soybean meal, oil, and mixed feeds is resulting from this project.

In Japan local trade interests are taking initiative in developing and financing marketing activities. Further progress has been made in developing shipping arrangements for selling U.S. soybeans on a guaranteed variety basis. Progress is also being made on loading and handling problems. Per capita consumption of soybean oil has increased and recent surveys indicate a greater potential for use of oil and soybeans in food.

Technical information about soybean oil processing was supplied to the industry in Chile, Peru, Ecuador, Egypt, Turkey, and Colombia. In these countries, soybean oil commonly had been believed unsatisfactory for food use. U.S. technicians were able to help local processors produce a satisfactory edible oil by making adjustments in their technology. In addition, panel tests for comparison of how long soybean and other oils could stay on the shelf without developing undesirable characteristics were set up under the auspices of the local trade and government officials. The first large-scale purchases of soybean oil for food use in Peru and Chile have occurred since the beginning of this project. In Turkey, assistance was given in using hydrogenated soybean oil in soap production.



Japanese women attend a soybean cooking demonstration sponsored by Japanese-American soybean institute. U.S. soybeans are used in many Japanese foods.

The Soybean Council of America, Inc., has proposed a world-wide program of market development to be financed in part with public funds. The cooperative agreement to provide for this work is expected to be signed in the near future, and the program will be started in 1960. This program is to be based on the marketing surveys previously mentioned and on the experience gained in conducting market development projects in various countries. It will include informational and educational activities; technical assistance in processing, storing, distributing, and marketing oilseed products and mixed feeds; and direct sales promotional activities, including advertising campaigns by press, radio, and television; market research; and other appropriate activities. In all cases, it is expected that these projects will be undertaken by U.S. industry in cooperation with industry of the foreign countries concerned. Varying emphasis will be accorded oilseeds, meal, protein, oils, and other products for food or industrial use according to the special circumstances in each country.

The U.S. industry participated in exhibits and trade fairs in India, Switzerland, Italy, Germany, Peru, Spain, Greece, and Japan during the year. Such trade fairs and foreign exhibits have proved useful as an adjunct to direct marketing activities. It is expected that there will be continued participation in the future.

Individual U.S. companies are showing increasing interest in foreign markets and foreign marketing activities. A number of them have made or are negotiating various forms of participation arrangements for activities in foreign countries. There has been considerable progress in further solving problems of trade practices, sales, and contractual procedures and in standards and specifications. It is expected that further adjustment of U.S. standards to foreign market requirements will occur.

Market Information and Services

During the year, weekly information was supplied on prices of cottonseed, soybean and linseed oils, soybeans, and oilseed meals for inclusion in the publication Spotlight on Foreign Marketing, an informational document sent to U.S. agricultural attachés abroad.

Members of FAS continued to keep in close touch with the trade through attendance at numerous trade meetings and conferences--including the meeting of the International Association of Oilseed Crushers in Europe. At some of these meetings, FAS representatives made speeches. Among the subjects that continued to be discussed were the problems relating to standards and grading of soybeans for export. This is of particular importance for U.S. soybean exports to Japan, where they are largely used for food.

In fiscal 1958-59, 232 spot market reports were published in the weekly Foreign Crops and Markets. These spot reports, relating chiefly to current production, trade, and marketing in foreign countries, were based exclusively on reports from foreign posts where the U.S. agricultural reporting officers are stationed. The information is of interest chiefly to farmers, processors, traders, and economic researchers who have a special interest in oilseeds and their products, as well as the items that compete with them. Also, there were released 15 world summaries on production of various oilseeds and fats and oils and 5 world summaries of trade as regards selected commodities--all published in the monthly supplements to Foreign Crops and Markets.

Among other publishings were 10 Foreign Agricultural Circulars devoted to the production and/or trade of major fats, oils, and oilseeds and cakes and meals, a series of 5 Circulars on U.S. exports of edible oils under Public Law 480, and two reviewing the fats and oils situation in two countries. Also released was a publication on West Africa's Fats and Oils Industry, FAS-M-62, September 1959.

Overcoming Dollar Shortage

Mainly reflecting the chaotic conditions resulting from World War II, many countries imposed severe limitations on their imports from the United States for which they had to

pay with their very scarce dollars. However, as these countries gradually recovered and their supplies of dollars and gold improved considerably, the justification for quantitative restrictions against dollar imports weakened.

The action of many European countries during the past year or so in permitting external convertibility of their currencies, plus booming economic conditions in most of the industrialized world, has led the United States to declare that quantitative restrictions for balance of payments reasons are no longer justified. This position is buttressed by the large balance of payments deficit that the United States has incurred in the last 2 years and has been endorsed by the GATT (General Agreements on Tariffs and Trade) and the International Monetary Fund.

The United States has on a continuing basis engaged in bilateral negotiations with other countries in an effort to get them to eliminate or, at least, reduce these restrictions. In addition, it has attempted to further this aim in the various GATT meetings. The most recent one was held in Japan last fall with the United States negotiating with Japan, the United Kingdom, Germany, Italy, and other countries. The next session of GATT will be held in the spring of 1960 at which time the United States will resume discussing the remaining restrictions of the European countries comprising the Common Market (France, Germany, Italy, the Netherlands, Belgium, and Luxembourg).

During 1959 the following countries either did away with or liberalized their quantitative restrictions on oilseed and oilseed products: (These actions were not necessarily the result of negotiations between these countries and the United States.) Australia, Denmark, France, Germany, Italy, and New Zealand. Germany's action was the latest in a series of such actions; that country for several years has been increasing the number of oils which can now be imported without restrictions.

Following the GATT meeting in Japan last fall, that country promised to eliminate its quantitative restrictions on U.S. soybeans and oils by no later than March 1961. Such action is highly desirable since Japan is the largest single market for U.S. soybeans. In the U.S. 1958-59 marketing year, the United States exported 37 million bushels, or nearly 34 percent of its total soybean exports, to Japan. This was 37 percent more than Japan took in 1957-58 and reflected a lack of imports from Communist China (because of a break in trade relations between these two countries in 1958) and some expansion in consumption of soybeans.

Japan imports soybeans under two procedures: (1) The automatic approval list--permission to import any quantity is granted automatically. Imports from the United States are not permitted under this procedure. (2) By fund allocation--that is, specific funds are allocated for imports from a specified country. Imports of soybeans from the United States and Communist China fall under this category.

Communist China and Brazil are the two other sources from which Japan imports sizable quantities of beans.

Imports of soybeans from Brazil are under the automatic approval system. Japan also has a bilateral trade agreement with that country and is attempting to expand its imports of Brazilian soybeans. Prices paid for Brazilian beans have been higher than those paid for U.S. soybeans.

One of the reasons given for import restrictions on U.S. soybeans is Japan's policy of supporting its domestic soybean production at prices above those paid for imported beans.

Despite the improvement in economic conditions in many parts of the world, many countries still do not have the dollars to buy all of the U.S. oilseed and oilseed products that they would like to have. These are mainly Spain, Turkey, Poland, Yugoslavia, Pakistan, United Arab Republic, Israel, most countries in South America, Morocco, and Taiwan. U.S. Government financial programs, such as those under Public Law 480 and

those financed by the International Cooperation Administration (ICA), have enabled these countries to obtain U.S. commodities.

During the 1958-59 marketing year, over 70 percent of U.S. exports of cottonseed and soybean oils went out under government programs. Such exports are expected to comprise a smaller percentage of the total for the current marketing year, mainly because Spain will take less. That country currently is enjoying one of its best olive crops in many years.

TABLE 13.--Cottonseed and soybean oils: U. S. exports, Public Law 480, and other, by country, year beginning October, 1956-58

Country or area	1956			1957			1958		
	Public Law 480	Other ¹	Total	Public Law 480	Other ¹	Total	Public Law 480 ²	Other ¹	Total ²
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
Europe:									
Germany-Netherlands.....	--	322	322	--	112	112	--	228	228
Belgium.....	--	13	13	--	11	11	--	--	--
United Kingdom.....	--	7	7	--	(³)	(³)	--	--	--
Greece.....	41	8	49	--	3	3	--	--	--
Italy.....	153	27	180	67	--	67	8	57	65
Spain.....	220	115	335	318	65	383	446	--	446
Yugoslavia.....	25	11	36	82	--	82	104	--	104
Other.....	⁴ 2	6	8	⁴ 28	8	36	⁴ 59	12	71
Total.....	441	509	950	495	199	694	617	297	914
Canada.....	--	50	50	--	48	48	--	58	58
Latin America:									
Cuba.....	--	13	13	--	12	12	--	10	10
Mexico.....	--	8	8	--	32	32	--	9	9
Argentina.....	--	--	--	--	--	--	--	--	--
Chile.....	53	1	54	--	(³)	(³)	--	2	2
Colombia.....	--	10	10	6	11	17	17	14	31
Ecuador.....	7	2	9	4	1	5	3	4	7
Peru.....	--	4	4	--	(³)	(³)	--	11	11
Other.....	⁵ 2	19	21	7	21	28	--	18	18
Total.....	62	57	119	17	77	94	20	68	88
All other:									
Algeria.....	--	15	15	--	--	--	--	--	--
Morocco.....	--	30	30	--	32	32	--	29	29
Spanish Africa.....	--	9	9	--	--	--	--	--	--
Israel.....	--	--	--	10	--	10	18	--	18
Turkey.....	46	0	46	146	--	146	156	--	156
Pakistan.....	--	(³)	(³)	13	--	13	51	--	51
Japan.....	--	7	7	--	4	4	--	3	3
Others.....	--	4	4	8	2	10	⁶ 26	2	28
Total.....	46	65	111	177	38	215	251	34	285
Charitable agencies.....	--	--	--	--	--	--	--	--	--
Grand total.....	549	681	1,230	689	362	1,051	888	457	1,345

¹ Includes ICA financing. ² Includes 10.2 million pounds of soybean oil shipped to Poland, Yugoslavia, and Turkey that was reported by Census as shortening and mixed vegetable oils. ³ Less than 1 million pounds. ⁴ Poland. ⁵ Paraguay. ⁶ Includes 20 million pounds to the United Arab Republic, and 6 million to Taiwan.

UNITED STATES DEPARTMENT OF AGRICULTURE
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POSTAGE AND FEES PAID
U.S. Department of Agriculture

Official Business

Except for edible oils, most of the exports of U.S. oilseeds, oilseed products, and animal fats have been predominantly sales for dollars. About 95 percent of the oilseed meal expected to be exported in the current marketing year will be commercial sales, while the remaining 5 percent will go out under ICA purchase authorizations. About 5 million to 10 million bushels of soybeans are exported annually under ICA and military programs. This would be equivalent to only about 5 to 10 percent of the soybeans exported in the last marketing year and will comprise a smaller percentage of the estimated exports in 1959-60. In fiscal 1958-59, the U.S.D.A. bartered for strategic materials 4.3 million bushels of soybeans. Most of them went to European countries. Only negligible quantities of lard, tallow, and greases are exported under government programs. CCC had no difficulty in selling for dollars the 1958-crop flaxseed that it acquired last spring.